

**ECONOMIC DEVELOPMENT**

**HIGHER EDUCATION**

**and**

**ENERGY COMMITTEE**

**of the**

**SUFFOLK COUNTY LEGISLATURE**

**Minutes**

A regular meeting of the Economic Development, Higher Education & Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Wednesday, February 1, 2006.

**MEMBERS PRESENT:**

Legislator Wayne Horsley • Chairman

Legislator Rick Montano • Vice•Chair

Legislator Tom Barraga

Legislator Jon Cooper

Legislator Lynne Nowick

**ALSO IN ATTENDANCE:**

George Nolan • Counsel to the Legislature

Joe Schroeder • Budget Review Office

Joe Muncey • Budget Review Office

Renee Ortiz • Chief Deputy Clerk of the Legislature

Ben Zwirn • County Executive's Office

Carolyn Fahey • Economic Development

Charles Stein • Suffolk Community College

George Gatta • Suffolk Community College

James Morgo • Commissioner • Economic Development

Dr. Pearl Kamer • LIA

Mitch Pally • LIA

Michelle Isabelle Stark • Economic Development

Jamie Siegel • CAAP

All other interested parties

**MINUTES TAKEN BY:**

Donna Catalano • Court Stenographer

**(\* THE MEETING WAS CALLED TO ORDER AT 9:47 A.M. \*)**

**CHAIRMAN HORSLEY:**

May we all take our seats, please. We're about ready to proceed. May we all please stand for the Pledge of Allegiance.

## **SALUTATION**

**CHAIRMAN HORSLEY:**

And may we all stand for a moment of silence in respect to our troops that are protecting our freedoms overseas.

## **MOMENT OF SILENCE**

**CHAIRMAN HORSLEY:**

Thank you very much. Good morning, everybody, and welcome to the Economic Development, Higher Education and Energy Committee on this beautiful first day of the month, February 1st.

**LEG. COOPER:**

And for the record, it's my birthday.

**CHAIRMAN HORSLEY:**

And may we all wish Legislator Cooper a very Happy Birthday. We

understand that he is 50.

**LEG. COOPER:**

Fifty•one, but who is counting.

**CHAIRMAN HORSLEY:**

There you go. We're going to •• I don't have any cards. Are there any cards as of yet? No. Okay. We're going to begin with the •• since there is no public portion, we'll begin with •• we're getting a card here. What we're going to do is we're going to do the Introductory Resolutions and proceed with some of the business of the committee. Pearl Kamer and Mitch Pally of the LIA are expected at ten o'clock. So they're going to be giving a presentation on •• Pearl's topic is the cost of living of Long Island. And Mitch Pally, who's the vice•president of the LIA is going to talk about the important legislative issues relating to Long Island, the Long Island region.

All right. The first person we'll be hearing from is Jamie Siegel from CAAP, Woodlands Wildlife.

**MR. SIEGEL:**

Good morning.

**CHAIRMAN HORSLEY:**

Good morning.

**MR. SIEGEL:**

Good morning, members of the Committee. Good morning, public. Good morning, Mr. Morgo and everybody else here. Basically I represent CAAP, which is the Coalition Against Airport Pollution and the Woodlands Wildlife Homeowners Association. I'm here to speak about Resolutions 1071, 1072, and 1143. I know we have FAA information this morning on 1071 and 1072, and I know that Mr. Ceglio, the airport manager, is working on issue with that. But we are pro both resolutions even though they can't go forward at this point. We're also •• on 1143, the economic development of Gabreski, we understood that that was going to be tabled, and we're hoping that that's still going to be tabled.

1071 is for the master plan. Basically it makes sense that we put a moratorium until the master plan can go into effect even though the FAA doesn't agree with that at this point. And the late night landing fees are basically •• Tony is working on a system to avoid work with us on cutting down some of the noise. Hopefully that will work. But in the event that we can put in landing fees, we would like to sometime in the future. And I just wanted to thank you all for giving us the consideration. There are a lot of families that the noise bothers, and we would like to try to mitigate that.

**CHAIRMAN HORSLEY:**

Thank you very, much, Mr. Siegel, I appreciate your comments. Are there any questions? May I introduce you to Michelle Isabelle Stark concerning a very important issue relating to our vineyards.

**MS. STARK:**

Good morning. As some of you know, the Office of Cultural Affairs has been working with the East End Arts Council and the Long Island Wine Council on a new initiative to bring tourism out to the East End during the month of February. A lot of the vineyards and wineries are participating with the Arts Council to host a number of performances, art exhibits, food and wine parings, etcetera.

It recently came to the attention of the Long Island Wine Council through inspections of the State Liquor Authority that doing these types of activities may actually violate their rules. So I'm here to just make you aware that some of the inspectors have focused on question what items can be sold in winery tasting rooms, in particular, the agents have identified artwork, certain souvenirs and food products as prohibited items.

The February Program, of course, includes art shows where specific artists work will be available for sale on consignment, public concerts and others performances involving food and nonalcoholic refreshments. So, of course, the Long Island Wine Council is very concerned about the results of these inspections. And in fact, Steve Bate, who's the Executive Director of the Long Island Wine Council actually sent a letter to the Chairman of the State Liquor Authority requesting permission to do these activities during the month of February. So at least for this year that's taken care of.

But we find that the State Liquor Authority's concerns are actually inconsistent with the intent of the Alcohol Beverage Control Law, in particular Section 76 and 77 that apply to farm, winery and special winery licenses. So this is part of •• I'm just making you aware of the fact that this has become part of the County Executive's State Legislative agenda for 2006.

**CHAIRMAN HORSLEY:**

Thank you very much. Now, it's my understanding that you're going to be seeking out Legislators to make amends to these changes to the program.

**MS. STARK:**

That's correct. It's really the Liquor Authority and their rule making, which is

- I find inconsistent with the law.

**CHAIRMAN HORSLEY:**

It doesn't make any sense to me whatsoever, but we'll leave it at that. You will keep us apprised of the situation; whether you find sponsors for the legislation?

**MS. STARK:**

Absolutely.

**CHAIRMAN HORSLEY:**

We would follow up on it. We would certainly be interested in promoting the issue for you. Any questions? Thank you very much. Michelle.



**MS. STARK:**

Thank you.

**COMMISSIONER MORGO:**

Mr. Chairman.

**CHAIRMAN HORSLEY:**

Yes.

**COMMISSIONER MORGO:**

At your indulgence, would it be illustrative for you to hear from the airport manager on the answer we got through Legislator Barraga's efforts from the FAA only this morning? You all should have a copy of it. If it's the committee's pleasure ••

**CHAIRMAN HORSLEY:**

Come on up. You might as well take a seat anyway Jim because we're going to be going through our resolutions.

**COMMISSIONER MORGO:**

I just thought that you may •• you and the members of the committee may want to hear from the airport manager on the answer that we received from the FAA this morning on IR 1071 and 1072. You had, Mr. Chairman, a copy of it distributed, but I thought you might want to have the airport manager highlight a couple of ••

**CHAIRMAN HORSLEY:**

We get the real flavor of this letter.

**COMMISSIONER MORGO:**

With your indulgence, I would like to call on the airport manager then if you'd like to hear from him.

**CHAIRMAN HORSLEY:**

I'd be happy to.

**MR. CEGLIO:**

Good morning. Tony Ceglio, airport manager. I received a call, I believe, yesterday from the FAA who said that they had received a request from Legislator Barraga to hopefully respond quickly on these requests that I had made back in November on what is now IR 1071 and 1072. So I appreciate the effort. It kind of lit a fire underneath them, and we got a letter early this morning •• about an hour ago.

What it says in relation to the \$2000 landing fee and the moratorium, generally improvements have been made at Gabreski Airport with federal assistance, which requires us follow certain rules and regulation and procedures. Regarding the noise restrictions •• I'm jumping around, you can read the entire letter later •• but the airport fees, what it said is the addition of a \$2000 landing fee to air craft operating during certain times would be considered unreasonable and discriminatory in nature.

Any new airport fees would be subject to review or challenge by the airport users for consistency with federal law. So what they are saying is they don't believe it's consistent with federal law unless you go before the FAA in a Part 161 Process, which to date, no airport has been successful in imposing such fees. They are considered unreasonable and discriminatory.

Related to IR 1071, the moratorium, I'll read •• it's on the second page •• the obligation of an owner of a federally obligated airport, which Gabreski is one of, is to operate it for the use and benefit of the public. The owner has the obligation to make available suitable areas for space on reasonable terms to those who are willing and otherwise qualified to offer flight services to public or air and nautical support services, for instance, fuel, air craft storage hangars, tie downs, flight line maintenance, etcetera to aircraft operators.

Therefore, by limiting the aviation building development to 5000 square feet until the draft master plan is approved could be unreasonable. In general, the FAA supports operating the airport in accordance with the approved airport layout plan prior to making important decisions on a case by case basis. What they are saying is, in discussions with them after this letter, is that the airport does have a master plan in place which is being updated right now. The updates started nine years ago. To place a moratorium on

building, which some of these tenants have been looking for the last seven or eight years, they think right now would be unreasonable, and that we should move forward with it. Is six month considered completely unreasonable? Well, a lot of people have waited six or seven years. It's going to probably take a few months anyway. But in general what they're saying is it's really not in conformance with their guidelines.

**CHAIRMAN HORSLEY:**

Okay. Thank you very much. Are there any questions?

**LEG. COOPER:**

Through the Chair.

**CHAIRMAN HORSLEY:**

Please, Legislator Cooper.

**LEG. COOPER:**

Just for my own edification, you're saying there is no precedent anywhere in the country for other airports that have imposed similar late landing fees?

**MR. CEGLIO:**

What they refer to as the Airport Noise and Capacity Act of 1990, if a late night landing fee was in place before Congress passed this law in 1990, the fee can remain in affect. Any new fees have to be •• have to go through the Part 161 Process, and to date, there's been no airport in the last 16 years that has been successful in getting late night landing fees or an increase in such fees approved. Unreasonable fees, I'll clarify that, \$2000 I think they would consider unreasonable. Twenty five dollars or \$50 may not be considered unreasonable.

**LEG. COOPER:**

I see. Okay. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Mr. Ceglio. All righty. I have another card from Peter Quinn. Peter, would you like to make a statement to the committee?

**MR. QUINN:**

Yes. Peter Quinn, resident of West Islip. I'd like to comment about economic development. I know every elected official; Governor, County Executive, Supervisor wants to promote economic development and claim that vast numbers of jobs are created. And I'm sure Pearl Kamer when she comes will tell us about the 11,000 increase or 10,000 increase in jobs on Long Island this year.

But one has to ask some questions. What is the amount of money those jobs are bringing in? There was a survey recently on a national level saying that

current average jobs lost \$9000 per employee. So if we're talking about job creation, and I am a member of Suffolk County Electrical Agency, which offers benefits to companies based upon their meeting certain criteria, and they allege that they have created certain numbers of jobs when, in fact, the job quota is honored more in the breach than in the compliance.

So I would urge that the IDA in Suffolk County take into account past actions and have some kind of reporting mechanism to show what any company that derives a benefit whether it's a ten year tax abatement, sales tax elimination, mortgage transfer tax elimination, refinancing, that it meet the criteria and that you should have a report of that data, not just quarterly, you should have a summary of the companies that have received the benefits and the jobs they have created. Without that, it becomes a photo op for the elected official to stand with the owner of a company. Thank you very much.

**CHAIRMAN HORSLEY:**

Thank you very much, Peter. Are there any further questions for Mr. Quinn? Thank you. All righty. We are going to be moving to our agenda prior to our presentation, which again, as I said, they're expected not to be here until ten o'clock. Mr. Morgo, would you like to join us? There being no tabled resolution, no home rule messages, we're moving to Introductory Resolutions, which brings us to the question at point.

**1071. To impose a moratorium on aviation related construction at Francis S. Gabreski Airport pending Master Plan adoption (SCHNEIDERMAN).**

Mr. Morgo, you want to comment on this?

**COMMISSIONER MORGO:**

I would only echo what you heard from the airport manager. It seems the FAA that those would not be in compliance with their rules and regulations, either 71 or 72.

**LEG. COOPER:**

Motion to table.

**CHAIRMAN HORSLEY:**

We have a motion to table from Legislator Cooper, seconded by Legislator Barraga. Any discussion on the issue? All those in favor? Opposed? So moved. **Tabled. (VOTE:5•0•0•0).**

**1072. Amending Resolution No. 673•2004, to impose a fee for late night landings at Francis S. Gabreski Airport (SCHNEIDERMAN).**

**LEG. COOPER:**

Motion to table.

**CHAIRMAN HORSLEY:**

Motion to table again by Legislator Cooper and seconded by Legislator Barraga. Any discussion? All those in favor? Opposed? So moved.  
**TABLED (VOTE:5•0•0•0).**

All righty.

**1082. Accepting and appropriating an amendment to the College Budget for a grant award from the New York State Education Department, Division of Library Development for a Coordinated Collection Library Development grant 100% reimbursed by State funds at Suffolk County Community College (COUNTY EXEC).**

**LEG. COOPER:**

Motion to approve and put on the Consent Calender.

**LEG. MONTANO:**

Second.

**CHAIRMAN HORSLEY:**

Seconded by Legislator Montano. All those in favor? Opposed? **Approved** and placed on the **Consent Calender (VOTE:5•0•0•0).**

**1083. Accepting and appropriating a Legislative grant award from**



**the New York State Department of Education for a Youth Entrepreneurial Summer Grant Program 100% reimbursed by State funds at Suffolk County Community College (COUNTY EXEC).**

**CHAIRMAN HORSLEY:**

Motion by Legislator Montano, seconded by Legislator Cooper to add to the consent Calender. Any discussion on the issue? All those in favor? Opposed? So moved. **Approved** and placed on the **Consent Calender**. **(VOTE:5•0•0•0)**.

**1117. Appropriating funds in connection with the removal of architectural barriers/ADA compliance (COUNTY EXEC).**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN HORSLEY:**

Motion to approve by Legislator Cooper. Is there a second on the motion? Seconded by Legislator Barraga. Any discussion? All in favor? Opposed? **Approved (VOTE:5•0•0•0)**.

**1118. Appropriating funds in connection with fire sprinkler infrastructure • Ammerman Campus (COUNTY EXEC).**

**LEG. NOWICK:**

Motion.

**CHAIRMAN HORSLEY:**

Motion by Legislator Nowick, seconded by Legislator Cooper. Discussion? All in favor? Opposed? **Approved (VOTE:5•0•0•0).**

**1119. Appropriating funds in connection with site paving • college wide (COUNTY EXEC).**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN HORSLEY:**

Motion to approve by Legislator Cooper, seconded by Legislator Montano. Any discussion? All in favor? So moved. **Approved (VOTE:5•0•0•0).**

**1120. Appropriating funds in connection with improvements/replacements to roofs at various buildings • college wide (COUNTY EXEC).**

**LEG. NOWICK:**

Motion.

**CHAIRMAN HORSLEY:**

Motion by Legislator Nowick, seconded by Legislator Cooper. Any discussion? All those in favor? So moved. **APPROVED (VOTE:5•0•0•0).**

**1121. Appropriating funds in connection with waterproofing building exteriors (COUNTY EXEC).**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN HORSLEY:**

Motion by Legislator Cooper, seconded by Legislator Barraga. Any discussion? All in favor? Opposed? **Approved (VOTE:5•0•0•0).**

**1130. Approving the change of project for Downtown Revitalization**

**Round III and Round IV for the Copiague Beautification Committee, and amending the contract with the Town of Babylon to reflect same (COUNTY EXEC).**

**COMMISSIONER MORGO:**

Mr. Chairman, on these next three I'd like to have Ms. Fahey report on the works of your Downtown Revitalization Panel and the Legislature's on the next three.

**CHAIRMAN HORSLEY:**

Welcome, Ms. Fahey.

**MS. FAHEY:**

Thank you. On IR 1130, Copiague Beautification received money during round three and round four of the Downtown Revitalization Program to create a Tribute to Scouting Park on a corner in the Great Neck Road and Dixon Avenue. In the interim of getting the first round, the town received funding through the County for the Greenways Program, so they purchased another corner of the intersection and utilized the Greenways funding for that. There seems to be some criteria with the Greenways Program that it needs to be an active park and that the tribute didn't fit into the plans that the town had for that park. So in cooperation with the Beautification Society and the town, they have asked for a change of project to move it to a new corner and to creative the active park there with the Greenways Program.

**CHAIRMAN HORSLEY:**

Which corner is the new corner? I'm very familiar with area, I'm just trying to think of what they're ••

**MS. FAHEY:**

The southwest corner of same intersection.

**CHAIRMAN HORSLEY:**

Yes, I understand. I got it. And on 1132?

**MS. FAHEY:**

1131, Cold Spring Harbor Main street Association. They received funding in rounds three and round four for public restrooms. Due to some community resistance and some •• you know, misunderstanding or disagreement as to where the public restrooms should be with the town, town and the Main Street Association have asked that they utilize that money instead for benches, a flag pole and some receptacles, trash receptacles.

**LEG. MONTANO:**

They are not going to do the restrooms at all?

**MS. FAHEY:**

Correct.

**LEG. MONTANO:**

Is there a particular reason for that other than opposition? What was the opposition based on.

**MS. FAHEY:**

I think Legislator Cooper is familiar with that.

**LEG. COOPER:**

There was some community opposition. There is concern about having public restrooms and possibly attracting people that would use the restrooms for illicit purposes. But the other •• counter argument is that they're in the process of building a very large beautiful new public library just a block or so away from where the restrooms would have been built, and the public library will have public restrooms. So it was determined that it was not necessary to build the public restrooms in the park.

**CHAIRMAN HORSLEY:**

Is this the public library that's going to be built on state parkland?

**LEG. COOPER:**

Right. Yes.

**CHAIRMAN HORSLEY:**

Any other questions? There you go. 1132.

**MS. FAHEY:**

1132, Wyandanch Coalition. The original project was to beautify the Straight Path area through general landscaping aspects. The request is to allow the funds to be utilized to purchase a clock tower. Round four, the Wyandanch Coalition asked for funding for the clock tower. The bids came in a lot higher, they decided to do something a little bit more substantial, so they've come back and asked if they can reallocate the round three money to assist with the purchase and installation of the clock.

**CHAIRMAN HORSLEY:**

Without the tower.

**MS. FAHEY:**

The clock tower, the clock tower.

**COMMISSIONER MORGO:**

I should mention for those of you who are new to the Legislature that the downtown panel reviews all of these very extensively •• the Cold Spring Harbor was discussed a great deal •• and finally approved all three of these. There was one on Monday night that the panel did not approve, that's why

it's not before you.

**MS. FAHEY:**

Just another note. During the round five deliberations, because there were 34 projects that were received and they only funded 14, the panel had some very long deliberations about accepting change of project requests in the future. So they have expressed to us that in our letters to the towns and to the agencies that received funding in round five that it be clearly laid out, that they're not going to look lightly upon a request for change of project, because they deliberately choose this project and not funded others that could have gone forward. So they've expressed to the department that they want that clear in the funding contract.

**LEG. MONTANO:**

I just want to say, and Jim knows and Carolyn knows, I actually attended the meeting on Monday, and I attended a prior meeting •• a project in our district was funded last time. And they are working diligently. This looks like a corporate board in terms of the way they've operated. And I think I was of the sceptics initially, but it has really become, you know, a good operation. I want to, you know, compliment you on that.

**COMMISSIONER MORGO:**

Also your appointments. It's the appointments from each Legislator. And there are a couple of Legislators who haven't given us their appointments yet, by the way.



**CHAIRMAN HORSLEY:**

Does that hurt their efforts to bring a project to their district?

**LEG. MONTANO:**

I'm sure he wouldn't admit that.

**CHAIRMAN HORSLEY:**

Just checking. Any other issues •• if there was a change of request, do they actually pull the grant? Is that the ••

**MS. FAHEY:**

There was a request on Monday night from chamber to •• that's actually a round two, they received the funding in '01, and they have not progressed with the project in any way, shape or form. Now, they have had hurdles that were unforeseen from State Ed and so on and the local school district, but when we put forth to the committee, the committee said, no, give them 30 days to get paperwork or the money is pulled.

**COMMISSIONER MORGO:**

That's why you don't have that one before you today.

**CHAIRMAN HORSLEY:**

Interesting.

**LEG. COOPER:**

Through the Chair.

**CHAIRMAN HORSLEY:**

Yes, please.

**LEG. COOPER:**

Assuming that an agreement is not reached on that particular project, what would happen to those funds? Would they be lost or would they

be ••

**MS. FAHEY:**

Those funds end up being rolled back into the next round.

**COMMISSIONER MORGO:**

For round five, you appropriated five hundred thousand, but we had 150,000 from previous rounds, so we had 650,000 for last year.

**CHAIRMAN HORSLEY:**

Any further questions? All right. Let's move 1130.

I'll make the motion for approval, seconded by Legislator Cooper. Discussion on the matter? All in favor? Opposed? **Approved (VOTE:5•0•0•0).**

**1131. Approving the change of project for Downtown Revitalization Round III and Round IV for the Cold Spring Harbor Main Street Association, and amending the contract with the Town of Huntington to reflect same (COUNTY EXEC).**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN HORSLEY:**

Motion by Legislator Cooper, seconded by Legislator Barraga. Any questions on the issue? All in favor? Opposed? **Approved (VOTE:5•0•0•0)**

**LEG. COOPER:**

List me as cosponsor, please.

**1132. Approving the change of project for Downtown Revitalization Round III and Round IV for the Wyandanch Beautification Committee, and amending the contract with the Town of Babylon to reflect same (COUNTY EXEC).**

**CHAIRMAN HORSLEY:**

I'd like to make that motion, seconded by Legislator Montano. Any discussion on the issue? All in favor? Opposed? **Approved (VOTE:5•0•0•0).**

**1143. Adopting Local Law, a Charter Law to require all leases for property at Francis S. Gabreski Airport to be approved by the Legislature to streamline County Government (COUNTY EXEC).**

Mr. Morgo.

**COMMISSIONER MORGO:**

This resolution has to be tabled for the public hearing, so before I begin giving the department's point of view, I wanted to emphasize that. The department supports the resolution. There would be a consistency here for the full Legislature considering the leases at the Gabreski Airport as you do all other County leases. The only qualification I'd like to make is that the Community Advisory Board that was established earlier •• it was established actually •• had its first meeting in September of '05, many people on that Citizens Advisory Board are concerned that there will not be the opportunity for their •• for them to weigh in either positively or negatively on a proposed

lease.

They realize that anything they would say would be advisory. But we are currently, we being the Community Advisory Board are currently working on a system so that we, this Community Advisory Board, would be able to get to the Legislators on a particular lease. So in short, the department supports the abolishment of the Lease Screening Committee, but it also feels very strongly that there should be a mechanism in place for the neighbors of the airport to weigh in on it. We are •• at our next meeting, which February 9th, we expect to that mechanism in place, and we'll bring that back to you. I don't think the legislation has to be amended, I think that you just have to be aware that this the intent of a Citizens Advisory Board.

**CHAIRMAN HORSLEY:**

Thank you very much. Yes, Legislator Nowick.

**LEG. NOWICK:**

And I know we're not voting on it and we're not debating it, but I'm just curious, does this mean that every single lease comes before the full Legislature and is decided at this Legislative meetings, or is it studied ahead of time?

**COMMISSIONER MORGO:**

For either approval or rejection, yes. But as the legislation is written, it gives the department the obligation to go through the leases to make sure they're in compliance with the minimum standards so that the Legislature won't be •

• just as the Lease Screening Committee, isn't •• deluged with every single lease.

**LEG. NOWICK:**

I was a little concerned about that, because there is a lot to digest.

**COMMISSIONER MORGO:**

It would be the obligation of the department. And, in fact, as I envision it, Legislator, the actual interaction with the citizens would also be the departments, and then the department would advise the Legislature on our position as well as the citizens' position. It's my hope that there will be an agreement, but I can think of some instances where we may not be, where the department may recommend a lease and the citizens would be opposed to it.

**LEG. NOWICK:**

So would that come then •• those leases would come before Economic Development?

**CHAIRMAN HORSLEY:**

Yes.

**LEG. NOWICK:**

Okay. Thanks.

**CHAIRMAN HORSLEY:**

Any other questions. Legislator Montano, I'm sorry.

**LEG. MONTANO:**

Jim, I was just reading section •• new Section Y, which says powers and duties to issue and promulgate such rules and regulations as it may be deemed necessary and appropriate to implement the provisions of Section X above. Do you have rules and regulations now in affect?

**COMMISSIONER MORGO:**

Yes. There are the airport minimum standards that any time someone who requires a lease comes in and meets with business manager, and we can share with the Legislature, I probably should if this is enacted, the application form, which the application form is very extensive. There are some things in the application form that are proprietary; business records and that kind of thing, but the actual uses, what they're looking to do there, we have that application and there are standards that are imposed before it gets to the Airport Lease Screening Committee now.

**LEG. MONTANO:**

These are departmental or County rules and regulations, or do you rely on

other rules?

**COMMISSIONER MORGO:**

Before I came to the County, I'm pretty sure they were adopted by the department, and the department made them comply •• the FAA had to accept them as well.

**LEG. MONTANO:**

And when you say the department, which department are you referring to?

**COMMISSIONER MORGO:**

Economic Development.

**LEG. MONTANO:**

I was going to say, because your department is basically new.

**COMMISSIONER MORGO:**

We have an Aviation Division. There's an Aviation Division in the department.

**LEG. MONTANO:**



Okay. All right. Thanks.

**CHAIRMAN HORSLEY:**

Thank you very much. Seeing that this has to go to a public hearing, may have a motion to table. Motion to table by Legislator Barraga, seconded by Legislator Montano. Any discussion? All those in favor? Opposed? So moved. **Tabled** for a public hearing **(VOTE:5•0•0•0)**.

All righty. I see our presenters are here. And, boys, you guys cut that just right, you're good, as I always expect from the LIA. Mr. Pally, how would you like to proceed, would you like to go first.

**MR. PALLY:**

Ms. Kamer is going to go first. I just wanted to first apologize for being late. We had a Tax Policy Committee Meeting this morning, and you can blame former Suffolk County Executive John Klien since he's the Chair, and the meeting ran late. So we apologize for that. So the next time you see John, you can let him know that. Dr. Kamer will give you a brief overview of the Long Island economy and affordability issue, which I know is on the minds of everyone, and then I will talk a little bit about some legislative prerogatives. Then we'll be more than happy to answer any questions that anybody might have in that regard. Is that okay with you?

**CHAIRMAN HORSLEY:**

Absolutely. Welcome, Ms. Kamer. I've always had great respect for you

opinions, and I touted you to a number of people saying wait until to Pearl comes, she has a true handle on the Long Island economy. So if you may.

**DR. KAMER:**

I want to thank you very much for inviting us here this morning, and what I'd like to do, I'd like to start •• I want to just describe current economic conditions on Long Island and the unique cost factors, which are beginning to inhibit economic growth. To some extent, Long Island's economic fate is linked to the course of the national economy, and this year what happens to US inflation and interest rates will have a major impact on what happens here on Long Island. For example, with rising interest rates, Suffolk households will no longer be able to extract as much equity from their homes in order to finance their current expenditures, so that in the absence of faster job and wage growth, this is likely to mean weaker consumer spending in the months ahead. As you will see in a moment, consumer spending on Long Island and in Suffolk County has already weakened somewhat.

Any slow down in consumer spending or a flattening in home price increases will occur at that time when the Long Island economy is already relatively sluggish, and I'd like to get into the numbers now. In the past year, Long Island's job growth was not particularly robust. We added about 10,000 new jobs. This compares with an average of about 30,000 new jobs a year in the late 1990s when we were in the midst of that technology bubble.

What's even more important, not only have the number of new jobs declined, but the quality of those jobs as measured by wages paid has also deteriorated. During the four year period between 1996 and 2000, the average wage for a newly created job was \$41,000. During the four year period between 2000 and 2004, the average wage for a newly created job was 24,000. You can't live and support a household on 24,000 in Suffolk

County. The fact that more low•wage than high•wage jobs are now being created makes it even more difficult for young people to •• for young people to be able to afford our housing. And let's look at what happened to home prices in Suffolk County in the past five years.

Median prices rose from 190,000 to 400,000, more than doubling. As of December, home prices in Suffolk were still rising at an annual rate of 10.5%, that's in the double digit range. Now, if you use the old rule of thumb that buyers should not pay more than 2.5 times their annual income for a house, and I emphasize this is a very old rule of thumb and no one is using it today, but if you did, Suffolk buyers would have needed an annual household income of \$160,000 to purchase the median house, not even the average priced house, but the median house.

If you look at the income statistics, only 12% of Suffolk's population is in this category. So only 12% of Suffolk's population could afford a median priced home today. And the only way that young families can purchase a home in Suffolk today is to resort to what we call innovative financing mechanisms, interest•only mortgages. And this becomes a huge problem down the line when it becomes time to pay principle as well as interest. High levels of mortgage and credit card debt on Long Island coupled with higher energy prices have already put a dent in consumer spending. Sales taxes revenues accruing to Nassau and Suffolk County Governments, which is really a pretty good revenue indicator of the direction and the intensity of consumer spending rose by only 3.2% last year, and it did not keep pace with the regional inflation rate of 3.9%. So you really had a real decline in consumer spending.

This was not true in Suffolk. In Suffolk you had a 4.1% increase. When you compare that with a 3.9% inflation rate, you did keep pace with inflation, but you didn't have much of a real gain. If you look at neighboring New York

City, sales tax revenues increased by 6.2%. So certainly Long Island has fallen back. If you look at your sales tax increase in '04, it was 9.3%. In '03, it was 8.8%. So last year's 4.1% was certainly not a very good showing. So the good news is that the growing diversity of the Long Island economy has enabled Long Island to weather the most recession without incurring net job losses. We didn't gain very much, but we didn't lose much either.

However, and this is a big however, the cost of living and doing business on Long Island has clearly begun to hobble economic growth. You've all read about the recent survey by the Rauch Foundation that showed a lot of Long Islanders are thinking about leaving. Well, obviously, when they get down to the nitty•gritty and start to calculate the cost of leaving and where they want to go, they may not leave. But it's certainly not a good sign of their confidence in the local economy. And they are leaving because of high taxes and high housing costs.

Long Island's housing costs are substantially higher than those in other metropolitan area in part because we are nearing build•out under current zoning regulations, there's simply not much land for new residential construction at that time when we have a strong housing demand from new immigrants and from newly formed households. The other thing that's hurting us are these prolonged moratoriums on building in various towns, which have taken land off the market for substantial periods of time, which tends to raise overall land prices. If you have a brief moratorium designed to rationalize your zoning and land use policies, this doesn't hurt the housing market too much, but if it extends over long periods of time, you're raising the price of land at a time when there isn't much land available. And when builders pay more for land, economic reality tends to demand that they build larger more expensive homes, which we don't need, we need more affordable homes.

And the final factor is while Long Islanders and Suffolk residents in particular seem to understand the concept that their parents can no longer live here, that their children can no longer live here, they understand the concept, but NIMBYism is still ripe throughout the population. These factors, which are unique to Suffolk County, to Long Island, have really been exacerbated by a prolonged period of extremely low interest rates nationally. We haven't seen such a period in my recollection. And so what happened is that buyers more readily accepted rising home prices because their monthly mortgage payments remain manageable because of these low interest rates.

Now we talk a lot about housing costs, but high housing costs are only one of the factors that is inhibiting economic growth. Long Islanders pay higher local taxes than residents of other major metropolitan areas •• and you can see in your handout •• because of the multiple layers of government that we have. I looked at the recent of census of governments and I looked at counties that have a population similar to that of Nassau and Suffolk County, and you can see from your handout that Nassau had 202 local governments. And remember, there's a difference between government and taxing districts.

We have more taxing districts than local government, but the census defines local government in a specific way. Nassau had 202, Suffolk had 237. You look at Alameda County, California, the same population as Suffolk, they have 86; Palm Beach County, Florida, they have 85; Clark County, Nevada, that's Las Vegas, 25. So that other metropolitan counties with approximately the same population as each of our counties have much fewer governments.

Long Island's educational cost are higher than those of other large metropolitan areas, because, one, we have more school districts, and two, we pay our educators more, again, related to the cost of living. So if you look again at your handout, in 2002 Nassau had 56 school districts; Suffolk had

70; Alameda County, California, 21; Palm Beach Florida, two; Clark County, Nevada, one. Long Island's higher health care cost reflect that fact that its population is older than that of some of the newer metropolitan areas, and access to health services increases exponentially with age.

Long Island's transportation costs are above those of many metropolitan areas because we don't have public transit, therefore, we are on unduly dependant on cars. Our population densities are not sufficiently high to support public transit because of the way in which we developed our land use. We ship virtually all of our freight by truck. Other areas, the average is 16% shipped by rail. Long Island's higher energy costs also reflect a combination of unique factors. High gross receipts and property taxes and debt from Shoreham are being passed on to consumers, and these taxes account for approximately 10% of LIPA's costs.

Long Island's relatively old power generating plants are extremely expensive to operate. Our power plants are between 30 and 45 years old. You can reduce the amount of natural gas used to generate electricity if you build new power plants. And keep in mind that natural gas accounts for 60% of the cost of electrical generation. Again, the newer power plants are cleaner to operate, they're computer controlled, they're much efficient.

Now a number of recent surveys have shown that Long Islanders really value the amenities on Long Island; its superior schools, colleges, beaches, cultural facilities, recreational facilities, shopping, health care facilities, yet many of them are leaving or thinking of leaving. And it's not so much the fact that Long Island is not growing, we're growing, and Suffolk County is growing more than Nassau. LIPA just came out with their population estimates, and we gained a substantial number of residents, but it's who is leaving that's of concern to our economy.



Between 2000 and 2004 according to the Census Bureau, Long Island lost 65,000 people between ages 25 and 44. Our young people are leaving, and this is the heart of our workforce. The loss of so many young and presumably highly educated workers has made it difficult for Long Island, business, schools, hospitals to attract the workers they need. And it's virtually impossible for them to attract workers who currently live off Long Island, because once they come here and look at our salaries and then look at our housing costs, they don't want to come here. So employers like Northrop Grumman have a very hard time getting the engineers and the scientists and the technicians they need.

So if I had to sum up, thanks to the diversification in the Long Island economy that occurred in the past decade, decade and a half, our economy is cyclically stable than every before. We don't lose many jobs in an national economic downturn, we have fast growing industry sectors in our employment base, and these include business and professional services, health and education services and finance. Equally important, we have a technology infrastructure in place to support such growing industries as nanotechnology, bioscience, information technology. But if we continue to lose population in the prime working age groups at the same pace that we've lost them in the first half of this decade, we are not going to be able to capitalize on the growth potential of the industries we have in place.

I started my presentation by saying we gained only 10,000 jobs last year. I don't think we can grow our economy by much more than 10,000 jobs a year, because we don't have the labor force. If you at the unemployment rate, in December it was 4.2%, which is a full employment economy. So we have a full employment economy without much job growth, which means that most people who want a job have already gotten it, and we are not going to be able to support a much faster job growth.

So, yes, Long Island's economy overall is doing relatively well, but it's more than past time to address some of the cost factors that are beginning to inhibit and will inhibit future economic growth. And with that, I'll turn it over to my colleague Mitch Pally, and then if you have any questions, we'd be happy to entertain them.

**CHAIRMAN HORSLEY:**

I think we will. But, yes, thank you very much, Dr. Kamer.

**MR. PALLY:**

Thank you, Pearl. I'll just go quickly over a variety of issues that we are focusing on this year in the context of the State Legislative Session in 2006. As you know workforce housing or the unavailability of it is our number one issue, and Pearl clearly indicated the reasons why. The State Assembly the other day, once again, passed the DiNapoli Inclusionary Zoning Bill, which would require all municipalities on Long Island to participate in a solution. That's what that bill does. It tells every municipality, every town and every village that you have to be part of the solution. Here are three ways to do it. We don't care which way you pick, but everybody has to be part of the solution. So that some municipalities don't do more than their fair share and other municipalities don't even do their share or do none at all.

We are hopeful, once again, the State Senate will take that issue up, because it's the focal point of our discussions about workforce housing, the availability. You know, people all the time, the County Executive, everybody



talks about the need for open space protection. The need for open space protection is paramount on Long Island. And we have supported every environmental bond issue, both locally and regionally, that has come down.

The problem with housing on Long Island is not that you cannot get density on environmentally sensitive land, it's that you can't get density on non environmentally sensitive land, that's the problem. We don't want to build in the middle of the Pine Barrens. We want to build in the downtown areas and in the brownfields and places where there are sewer connections and other places like that; Pilgrim State property, Kings Park property, Calverton property, properties where there are availability of opportunities. And when those are taken off the map in addition to the land that's already been taken off the map for open space, you end up with nothing, and that's unfortunately what we have on Long Island. We build so few houses in total and so few of them are available for our workforce that we end up in a situation where only 12% of the population of Suffolk County can afford a home. That's the factor that happens into that.

We have legislation this year •• you know, all the time we get complaints from the school districts. Well, you know, it's going to increase my school district costs, which is not true. I don't know if Commissioner Morgo is still here, I guess he left, but he has done a variety of reports on how that is absolutely not true. When you build, not single family homes, which is not what we want to build, we want to build studio and one bedrooms homes for young people, apartments, studio and one bedrooms. They are not going to have a family there. It's going to be a major increase to the school district.

I was a school board member for six years. I had a hard enough time being a school board member, I didn't want to be a Planning Board member, but that's what our school district have become, because every time there's proposal about a project, well, it's going to increase school district costs,

which is absolutely not true if done correctly, if we build the type of housing that we need to build on Long Island. We have a bill now that we worked on that has come out of Massachusetts which would say to a school district, okay, if you can prove to us that it increases your cost, we'll get you additional state aid. We worked on that with Commissioner Morgo, we're getting that bill introduced in the State Legislature this year so that we will eliminate the issue of the school districts. If you can prove to us based on a formula that was created by the Department of Education that it increased your cost, we'll give you more. If you can't, then don't say it, because you can't have it both ways in that regard. And that's one of the most important things we have going this year.

The infrastructure fund, which Suffolk County has put together, there was a meeting the other day that I was at. I think you're going to see builders now come through that. They're looking at infrastructure funding from the County. That is I think the County can do and has been very successful in doing on a couple of projects, and I think you'll see even more of that in 2006. School district funding, we all know obviously there are two issues with school district funding. One is cost containment. Can you contain costs? Can they do a better job? The answer is absolutely yes. Is it easy? The answer is absolutely no.

Assuming that everybody is going to jointly purchase, that happens now. Every school district buys on state contract, they buy on joint purchases. The only way to significantly reduce school district costs on Long Island, there's only two ways; number one, increase your class size so that you need less teachers. And if you want to go from 25 kids in a class to 40 kids in a class, have that opportunity to do that now. Any school district could do that now. I'm not sure the parents would be thrilled with that, but any school district has the authority to do that now, therefore, you need less teachers, you need less builders. That's option one. Option two, get more money from the State of New York. We educate 17.8% of all the school children in New York State, we get 13% of all the state aid. There are some districts on Long Island that

get 10% of their state aid cost paid for by the State of New York.

That is one of the problems inherent. As I told the people who lived in my district, "It's great when your home values go up, you feel richer, you feel wealthier, my house is now worth 600,00, last week it was worth \$550,000."

The problem with that is every time your home value goes up, the state aid for education goes down based on the formula. So you have it both ways. You have a positive and you have a negative. That's the way the formula works. We like the formula, we don't like the formula, it doesn't matter, it's there. And so as Suffolk County's home values have continued to increase over the past five years at a rate significantly higher than the State of New York's average, every time that happens, school districts on Long Island in Suffolk County lose money from the state because of the way the formula works.

In addition to that, there is no regional cost factor. A dollar on Long Island buys sixty•seven cents of what it buys in Watertown or in Upstate, New York, and yet the state gives dollar for dollar. The state, in fact, has already acknowledged that, because in the CSEA contracts for state workers, they give a bonus to state workers downstate because they know the cost of living is higher than somebody who's working in Cortland County or at a State University in Broome County or whatever it happens to be. So the issue of regional cost has already been acknowledged by the state, except in the state aid form where it continues to provide dollar for dollar in that regard.

Energy costs, the Governor has proposed another extension of the Power for Jobs Program. That's obviously helpful. There are 25 companies in Suffolk

County that get a benefit from that; some reduction in their energy costs to create and maintain jobs. That power is going away March •• June 30th, 2006, unless the State Legislature extends the program. The Governor has proposed extending the program for another year. Obviously, that's important, and we strongly support that. We would hope, however, the Legislature and the Governor would be able to come out with a longer term program and reduce some of the conditions on the program so that more Long Island companies and Suffolk County companies would be able to be provided energy in that. The problem is the numbers that they want, most of the Long Island companies can't meet. We're not creating 100 jobs at a time. We created, you know, five or ten jobs at a time. And those companies are not eligible for the Power for Jobs Program.

Tourism, we appreciate the fact that the Legislature •• County Legislature and the State Legislature extended the County tourism tax. Tourism is our number one or number two ••

**MS. KAMER:**

Number two.

**MR. PALLY:**

Number two industry on Long Island. That's important to market Long Island. I will tell you that Long Island markets itself at a rate of a million and a half dollars. Lancaster County, Pennsylvania, spends \$12 million marketing its tourism promotion activities. We do what we can do in that regard. We're still working on creating the Tourism Information Center at Exit 51, which the state has now been working on for 12 years. We hope one of these days the state will actually do it. They tell me next year. I'll believe it when I see it. But that will obviously help, because it will give a central location for people

to be provided information.

And transportation, as Pearl said, 99% of all the freight that comes to and from Long Island comes by truck, 99%, which is a far higher number and we want to know why we have so many trucks on the Long Island Expressway. It's for that reason and that reason only. There are a number of things that we're working on with the state; the Pilgrim Intermodal Facility will help in that regard. A new tunnel between Staten Island and Brooklyn will help in that regard.

For those of you who are Revolutionary War buffs, George Washington floated between New Jersey and Staten Island and into Brooklyn, and that's how we use •• move freight in 2006, we float it across. One of these days they're going to see George in the water as the freight goes by. That's how much we have progressed on the eastern part of the Hudson River in our freight, we haven't at all. We've been left alone. The National Freight market ends in New Jersey, and Long Island, not just political Long Island, but geographic Long Island, has been left to the truck as the major way to move freight in and out, and that's very unfortunate in that regard.

As I said, the Pilgrim Intermodal Facility, the third track on the Long Island Railroad is going to be an essential component of the Long Island Railroad's move to be able to increase service. That project is not in Suffolk County, but it is more important to Suffolk County than almost anything else that could happen, because the only way to increase service in Suffolk County is to run more trains on the main line. And right now there are two tracks, both of them run, as you can imagine, westbound in the morning and eastbound in the evening. So we cannot have intracounty commuting, we cannot have reverse commuting of any great numbers. Those are the areas in which the opportunities for the railroad exist. And with the third track, they will obviously be able to move forward in that regard.

Those are the things we're working on in terms of cost containment, in terms of issues for Long Island. And we appreciate the opportunity to come by. We appreciate the willingness of the County Legislature to support a number of these initiatives over the years, and your work on workforce housing has been very instrumental. You kicked Nassau County into doing something, which they now do, something, which is better than nothing, which is what they used to do in that regard. And we're hopeful of working with you in any ways we can to make progress on these issues. And we'd be more than happy to answer any questions that anybody might have on these issues or any others coming before the County.

**CHAIRMAN HORSLEY:**

All right.

**MR. PALLY:**

Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Mitch and Pearl. As always, you are enlightening. I have to quickly add that the Battle of Brooklyn was the most devastating loss that the revolutionary fighters ••

**MR. PALLY:**

That's true.

**CHAIRMAN HORSLEY:**

•• patriots had, so I hope we have better luck with the Staten Island to Brooklyn ••

**MR. PALLY:**

Actually, the Port Authority was create in 1926, and its first job, the first thing in its statute was to build a freight tunnel to Brooklyn.

**P.O. LINDSAY:**

It's getting there.

**MR. PALLY:**

It's getting there. It's now 2006, sooner or later.

**CHAIRMAN HORSLEY:**

So we're going to outdo George.

**MR. PALLY:**

They went on to other things unfortunately.

**CHAIRMAN HORSLEY:**

Yes, he did, and he did quite a job. As Chair, I have the opportunity to take the first question. I want to take you a little astray from some of your remarks. Pearl, I'm an avid reader of some of your works.

**MS. KAMER:**

I'm glad someone reads them.

**CHAIRMAN HORSLEY:**

"The Information Revolution has a Potential Impact on the Long Island Economy," I last night read it during the State of the Union Address, I might add. But it's a question that I've had for quite awhile, and I'd like to you to address it. In your remarks, you say the Route 110 business corridor would seem to be the perfect venue for the experiment in the suburban wireless technology and that if corridor were to exist under an invisible dome of WiFi, it would enjoy a major competitive advantage, advantages for technology •intensive jobs. And as you know, we have 170 jobs, which is your figure, on the 100 Corridor, and, of course, now the LIA is now located on the 110 Corridor.

**MR. PALLY:**



That's right.

**CHAIRMAN HORSLEY:**

With all the introductions of new wireless technology, is it feasible? Is it something we should look at? Is it something we should look at together? Is it something we can look at with our academic committees, our academic universities on •• the Farmingdale University, Stony Brook and whatever? What is your feelings? Where can we go with this?

**MS. KAMER:**

I think you should look at it as soon as possible. It's not only feasible, other cities are doing it, and they're much bigger than the 110 Corridor. But you have a huge employment base there, and you have the Broadhollow BioScience Park on the Campus of SUNY Farmingdale. I serve on the Board of Directors. It is growing. You have a large IT, Information Technology presence among businesses if the corridor, you have a large financial segment there. Salaries are above salaries paid elsewhere in Suffolk County. So, if you want to grow, if you want to compete with other areas that already have WiFi, you have a fairly condensed land use there. It's fairly high density. And this is the perfect place to start with WiFi.

**CHAIRMAN HORSLEY:**

And the dollars, is it feasible?

**MS. KAMER:**

Yes. I think it is feasible.

**CHAIRMAN HORSLEY:**

According to your report, it looked •• with \\_VOIP\\_ and WiFi and all this type of new technology ••

**MS. KAMER:**

The technology exists, and I think it's economically feasible. You have to really form a partnership with a private provider or providers and investigate how much it would cost in public dollars and look at the economic impact. And I think you will find that it's a positive pay off.

**CHAIRMAN HORSLEY:**

Would this, Mr. Pally, be something the LIA would be interested in partnering on?

**MR. PALLY:**

I don't think there's any question, it does provide •• • would hopefully provide that area with a competitive advantage.

**CHAIRMAN HORSLEY:**

Do you think it would take the cost away from your operation?

**MR. PALLY:**

That's one. And the other aspect of it is, you know, Stony Brook University •

**CHAIRMAN HORSLEY:**

Yes, right.

**MR. PALLY:**

•• is a designated center for excellence by the state. And it's supposed to, and I use those words guardingly, the state is supposed to build a center for wireless technology ••

**CHAIRMAN HORSLEY:**

Right.

**MR. PALLY:**

On the Stony Brook Campus. Of course, as I correctly point out, that proposal was made six years ago with five other centers for excellence in the State of New York. The all other which have broken ground for their buildings, Stony Brook has not, not because of Stony Brook, but because of a

variety of state and local factors which have inhibited the benefit of that. That's going to be the next technology.

**CHAIRMAN HORSLEY:**

I agree.

**MR. PALLY:**

And we have a great opportunity on with the excellent technology and engineering schools in Stony Brook and in Farmingville, because of the Broadhollow Technology Park and the other research opportunities there. We think it is something that the County and the state should look at and look at very seriously. And we would be more than happy to help in any way possible in doing that. We think it would •• as Pearl said, we do not have many places on Long Island where you have the density of job creation and job opportunities as on the 110 Corridor. We don't have many places like that. We have three or four, Hauppauge area, Hicksville is not as centrally located, it's much more spread out, even Mineola is much more spread out, because most of Mineola's jobs are government jobs, because that's where Nassau County is located. So the 110 Corridor would be a perfect place for this to happen.

**CHAIRMAN HORSLEY:**

Thank you very much for your comments on this. To you, can we take this to the next step, and we'll about this at another date?

**MR. PALLY:**

Absolutely.

**MS. KAMER:**

Sure.

**CHAIRMAN HORSLEY:**

Thank you very much. I appreciate it. And Pearl, thank you very much for bringing these types of issues to our attention.

**MS. KAMER:**

My pleasure.

**CHAIRMAN HORSLEY:**

Legislator Nowick, please.

**LEG. NOWICK:**

Good morning. Thank you very much for your reports, it was very interesting. It's nice to see you again also. Two questions. Mr. Pally, Power for Jobs, can you just explain that to me briefly.

**MR. PALLY:**

As Assemblyman Barraga knows full well, Power for Jobs is a state program which used to provide power from the New York Power Authority to companies and other entities in New York State, lower cost power. Now, lower cost power is different than low cost power. Nothing in New York is low cost if you compare it to other places, but it is lower cost, because of the way it is created. Much of Upstate, New York, power is hydropower, which obviously costs less. And even when you transmit the power downstate, it is a lower cost than the LIPA power that everybody else pays for.

So there is a program that the state has had for a number of years, over 20 years, where they have provided lower cost power either from the Power for Jobs Program or the Economic Development Program, or even the Suffolk County Electrical Agency, of which I am the Chair, where you have conditions set by the state for certain job growth and job retention priorities. If you meet those criteria, then you can get a contract with NYPA for lower cost power. A couple of the issues, number one, as NYPA now does not, because of competition, NYPA sold a number of their plants to private entities. And it's difficult for the State of New York to say to a private entity you have to do that. They used to be able to say it to NYPA because NYPA was a state agency. So that's one of the reasons the State Legislature and the Governor had to revamp the program to allow that program to continue, because there are a number of companies in Suffolk County that do get lower cost power because of their job creation and job retention priorities to allow them to compete at a different basis. That's what Power for Jobs is.

**LEG. NOWICK:**

Thank you. I didn't realize.

**MR. PALLY:**

Yes. There are about •• last I looked, I think there are 25 companies in Suffolk County that get some lower cost power from the state under one of those three programs.

**LEG. NOWICK:**

Thank you. Just maybe a comment or just something that baffles me for Ms. Kamer. When you were talking about, and of course, it's true that we are losing •• a lot of our young people cannot afford to live in Suffolk County and probably not Nassau, what I don't understand and you can enlighten me, I look around my home town, my district, all I see are these monster homes going up. If we are losing all these people, I want to know who is moving in and I want to know what they do for a living. I just don't understand. I know we're losing a lot of people, but there are no small homes being built. Who is moving in?

**MS. KAMER:**

I also see these monster SUVs, which are Cadillac Escalades and above. And you wonder how they are paying for them. Well, they're paying for them by increasing their debt loads, and this is going to come back to haunt us. They're getting on board these huge houses, and some of them are young people who have jobs like all of us, nothing extraordinary, but they're answered an ad in paper which says, "You too can live like a millionaire, we'll give you a million dollar loan at 5%, all you'll have to pay is X a month." And that's fine until the principle comes due.

**LEG. NOWICK:**

So you think that's what it is, they're paying the mortgage •• the interest only.

**MS. KAMER:**

We know that nationally one•third new homebuyers bought interest•only mortgages. On Long Island, I would suspect it's other 50%, and when the mortgage is reset after two years, suddenly they have to pay the principle. And they're assumption is things will get better, my wife will get a better job, or I'll get a raise. And if this doesn't happen, you're going to see a lot of foreclosures.

**LEG. NOWICK:**

And I know •• I see the fuel trucks pulling up, you know the taxes are going up, it's incredible.

**MR. PALLY:**

And the other hope is, in their perspective, if home values continue to go up, continue, and the value of the home next year is more than the value of the home this year, if worse comes to worse, I sell the house for the next price in regard to it and then I pay off everything I have to pay off in that regard.

**MS. KAMER:**

Or they stay and they take the increased equity out of the house, and they keep spending, and that's what's been happening. This is why when people are talking about Alan Greenspan leaving office and how great a job he did,



yeah, but he may have postponed the crisis by a few years, but he didn't make it go away, because what he did was substitute a housing bubble for a stock market bubble and substitute excessive debt for no debt. We've been powering our expenditures whether for housing, for consumer goods by going into debt. The US Savings Rate is now negative for the first time for the full year last year. The only other time we had a negative Savings Rate was in 1932, 33 in the depths of the Great Depression. And I think that tells you why you are seeing these how houses and big cars, and you go to Lord & Taylor parking lot or Nordstrom parking lot, and it's full. And they're are people coming out with packages, and they're paying for it, but they're paying on credit cards.

**LEG. NOWICK:**

Thank you. And I would say only my daughter could afford Nordstroms parking lot, the rest of us can't.

**MS. KAMER:**

Even I don't go to Nordstroms.

**LEG. NOWICK:**

Thank you.

**CHAIRMAN HORSLEY:**

Legislator Cooper.

**LEG. COOPER:**

Thank you. I apologize in advance for asking what might be a stupid question, but I'm not the most computer savvy person. My 12 year old may know the answer to this, but I don't know it. Dr. Kamer, you had spoke about enhancing our WiFi capability and I know the County Executive had spoken about turning Suffolk into a wireless county, what is the •• what is the practical significance of that? How does that ••

**MS. KAMER:**

WiFi stands for Wireless Fidelity, which means you can take your laptop, you can go to a coffee shop, you can go to an airport, you can be in a local business such as the LIA, you don't have to be plugged in. You can access the internet. It enhances business productivity, and more important for the 110 Corridor, which already has a large technology presence, it will spur the rate of growth of technology•based businesses, because this is what they need to be most efficient. It's really a very simple thing, even I understand it, and I'm not that computer illiterate.

**LEG. COOPER:**

So is there anyone else on the committee who likewise didn't know what it meant, but was just afraid to ask, because I feel a lot better?

**MR. PALLY:**

It's a way also to make the 110 Corridor attractive to other companies by providing something that can't be provided in other places. We have to be able to sell •• I don't use that word negatively •• sell our communities to

companies. They are under significant competitive pressures to stay here.

**P.O. LINDSAY:**

Can you talk into the mike.

**MR. PALLY:**

I'm sorry. They're under significant competitive pressures to stay here because of the cost, and they have to •• as we know more and more Long Island companies are not controlled by Long Islanders. Many of our bigger companies are now part of larger companies. The home grown Long Island aspect of it, much of that has gone away. And they have competitive pressures to stay here. And so we have to provide •• we're not going to cut our cost by 50%, not going to happen, so we have to provide other amenities or other reasons for these companies to stay here to create the job here as opposed to New Jersey, to expand back •• their offices here for the financial institutions. Those are the type of things we have to do, because they are going to provide jobs for our Suffolk County residents. And providing these type of technological innovations is a way of selling our community in a different manner.

For some companies where costs are not the major factor, such as research and development institutions, some of the hi•tech and pharmaceutical companies, they're more interested in our productive workforce than they are in whether our, you know, energy rate is 15 cents a kilowatt hour or 16 cents a kilowatt hour, because they are not manufacturing anything. So for those companies having these type of technological innovations are going to be very, very beneficial to provide that type of selling point. That's one thing.

**MS. KAMER:**

The only competitive advantage we have relative to other areas are the skills of our workforce; they're highly educated, they have the technology skills and their productivity, we have a highly productive workforce. So if you don't care about transportation bottlenecks, if you don't care about any other cost factor, whether it's taxes or housing and labor costs and labor productivity and labor skills, not so much cost, but productivity and skills are what you need, this is what will throw you into our community, into the 110 community. And just to give you some idea, the City of Philadelphia has already begun a project to have a dome of WiFi over the entire city.

**MR. PALLY:**

Let me just add one other thing. That's why •• not on the WiFi issue, but that's why the workforce housing issue is so important, because it's a circle. These technologically advanced companies can stay here because their cost issues are not as high. And they are here because we have a young workforce and a very productive workforce. They cannot attract people from out of the community to come to the community because of the housing cost, which means dependant upon the productive workforce we have here now and what we will have in the next five or ten years. If a significant part of that workforce leaves, the young people leave because of the lack of housing, these companies are going to look •• now, wait a minute, I can't get somebody else to come to Long Island, Long Island is no longer providing with the workforce I need; young people and technologically advanced, I'm not going to stay here, because I can't get it •• I can't get it either way, I can't the workforce I need, I'm willing to put up with the high energy costs, I'm willing to put up with the high taxes if Suffolk County and Long Island can provide me with a technologically advanced workforce that can do the jobs I need to have done.

If we don't provide that part of it, then we've lost all three of the components

of why companies are here, and that's the •• that's why the workforce housing issue is so important to the LIA. It's important from a social aspect, but it's even more important from a business aspect. Our business community, our economic community is not sustainable if we continue to lose young people at this rate because we do not and cannot replace them with people coming from other parts of the country to Long Island, because they look at us and say, wait a minute, why am I going to buy a \$400,000 house Suffolk County, I can buy \$150,000 in Charlotte, North Carolina or \$200,000, get the same job •• there are jobs in other places •• and paying taxes •• pay half the taxes. So unless we meet the workforce housing issue head on, that's going to be the focal point of the sustainability of our economy. And the more we talk about high tech, high tech is great, but high tech is only great if we have the people here to employee in the high tech industries. That's the focal point.

**LEG. COOPER:**

I have one more question, but I want to reiterate what you just said. It's so important. When I'm not a Legislator, I run a manufacturing company in Nassau County, about 185 employees, and there have been many instances, particularly in recent years, where we've tried to attract qualified candidates from out of state, they come in, they interview, and as soon as they find out what it costs to live here, they turn it down. And we can't afford to pay them what they would need to be paid to live here. So it is a growing problem, a very serious problem. But, Mitch, you had also spoken about the inequities in the state aid formula for schools. Is there a serious effort under way at the state level to revisit that formula and perhaps revise the formula?

**MR. PALLY:**

I think the best opportunity we have at the moment is the CFE case, not because the CFE case applies to Long Island. The CFE case, Fiscal Equity against the State of New York, the court decision •• it's now going back to

the courts saying that the State of New York has short changed the City of New York Schools by the number at the moment is \$5.4 billion. You can agree with that, you can disagree with that, we happen to disagree with that if you look at the numbers, but it doesn't matter, that's the court decision at the moment.

I think it's also clear that there will not be from a political standpoint a solution to the education aid funding that only provides money for the City of New York, it just wouldn't happen. The state is not going to write then a check for \$5.4 billion. If that happened, every Legislator on Long Island or every Legislator who lived outside of New York City would get defeated, okay? So it's not going to happen. So the opportunity now exists for there to be is a constructive discussion about how New York State funds its education system based on the CFE case and a number of other issues that relate to them. So that's the best opportunity we see as long as there is a state•wide solution to the education aid problem. We are hopeful that a number of these inequities which have occurred over the years will be modified, solved, whatever terminology you want to use so that Long Island would benefit from the solution as well as the City of New York would.

That's the •• you know, the perfect storm of education aid issues is coming together. You know, school budgets are being voted down at a higher rate, okay? Our people our •• cannot •• cannot sustain these type of increases. The state is required by court to give the City of New York \$5.4 billion. All of these things are coming together at the same time. You know, people are saying we should look at the income tax as opposed to the property tax. That has benefits and detriments. And we've done a number of studies on that that relate to that. So all of these issues are coming together at the same time. So the hope is that when a solution does occur, it will take into account a number of these Long Island inequities. That's all we can hope for.

**CHAIRMAN HORSLEY:**

Thank you very much. Legislator Montano.

**LEG. MONTANO:**

Good morning. Thank you for the presentation. Just a couple of quick questions. Dr. Kamer, you said earlier •• and I just want to make sure that I got this right •• that we're growing at the rate of 10,000 new jobs per year versus in the '90s we were growing about 30,000 per year•• late '90s, I'm sorry. And also in the prior years, you said that our job growth was at the average rate of 41,000 per year, but now we've dropped down in the last four years to 24,000 per year. Explain that to me. What types of jobs have been leaving, and what types of jobs have we created over this period?

**MS. KAMER:**

During the late 1990s, information technology was the hot industry, so we were hiring computer programmers, systems analysts, then we had the implosion of the technology bubble in the late 1990s. So now you are getting low end health care workers; phlebotomists. What's happening in the health care industry is called deskilling. Instead of using a Registered Nurse to draw blood, they educate a phlebotomists who only draws blood, but earns a much lower wage. And we've had that deskilling in a number of industries. We are getting low end tourism jobs, low end restaurant jobs, low end health care jobs.

And so we have shifted from a preponderance of highly paid, high value added jobs to a preponderance of lower paid low value added jobs, which are not in balance with the skill of our labor force, because we have a skilled labor force. We have college graduates who don't want to flip hamburgers at



McDonald's. Now, how do you reverse that trend? One way of doing so is to invest more in technology, because there is a high correlation between level of investment and technology, and I'm talking about Brookhaven National Lab, SUNY Stony Brook, Cold Spring Harbor Lab, some of our big research institutions. There's a high correlation between the creation of high wage, high value added jobs and your level of investment technology. And we as a nation and even locally are moving in the opposite direction. We're sacrificing technology for other priorities. And obviously, as a nation, we have other priorities, but by doing so, you're cutting your pace of high wage job growth, and that's exactly the opposite of what we should be doing on Long Island.

**LEG. MONTANO:**

Let me ask you this. I think in my mind it's along the same lines. You indicated earlier that over a period of time we have lost •• I don't remember the period of time •• but we've lost about 65,000 people in the age group of 18 ••

**MS. KAMER:**

Twenty to 44, and it's in four years, 2000 to 2004. It's a very high pace of loss.

**LEG. MONTANO:**

Right. And these are young skilled labor force, highly educated.

**MS. KAMER:**



Right.

**LEG. MONTANO:**

But I put on channel 12 last night, and I saw the statistics from LIPA, we have had a job growth •• not a job growth, a population growth. So obviously the people that are leaving, who is replacing them?

**MS. KAMER:**

Recent immigrants, for example. It used to be that immigration from abroad went to the central city, New York City, where they had an immigrant community, and then when they got a job, got some money together, entered the middle class, they'd come out here. And by that time, they had the language skills the labor force skills.

**LEG. MONTANO:**

Kids were highly educated.

**MS. KAMER:**

Now, we're getting it directly from abroad. Many of these immigrants don't have labor market skills, don't have the education, don't have the language skills. They're doing jobs that Americans don't want to do, but they're low wage jobs, and that's a problem for our educational system, it impacts school district costs, because it means you have to have more Special Education, more English as a Second Language Programs. So, yes, we are getting people, but we're losing a key part of your labor force, the part that we don't

want to lose, really can't lose.

**LEG. MONTANO:**

So if I get this picture right, we're losing a very high skilled local•based young population, which is I would say predominantly white, educated here, and that shift is going in the reverse direction, and we're replacing the population with the lower skilled immigrant population, less skilled workers, low wages, with rising housing cost.

**MS. KAMER:**

Right.

**LEG. MONTANO:**

How do you ••

**MS. KAMER:**

Obviously a combination you don't want to have.

**LEG. MONTANO:**

One question, Mr. Pally. The case in New York City, the Campaign for Fiscal Equity, the claim in New York City is that they give more state dollars to the •

• more tax dollars to the state then they get back and, therefore, the children there are deprived economically and educationally. You said earlier here that as houses rise in value, we wind up getting a reduction in our taxes •• in our support from the state.

So the question I have is if our state aid is dropping, and we're not getting a proportionate share of what we send out to the state and New York City is not getting a proportionate share, where is the money going?

**MR. PALLY:**

Well, you have to look at two factors; number one, the State Legislature and the Governor in their infinite wisdom has steadily increased the amount of aid goes to New York City each year. New York City at the moment has 37% of the school children, they get 39% of the state aid.

**LEG. MONTANO:**

So they're getting higher.

**MR. PALLY:**

They're getting higher.

**LEG. MONTANO:**

I thought it was reversed.

**MR. PALLY:**

No. They say that's not enough. The City and the CFE says that's not enough. The numbers are different. They have 37% of the school children, they get 39% of the state aid. Now, you can say 39% is not enough to meet their needs, that's a subjective ••

**LEG. MONTANO:**

Separate issue.

**MR. PALLY:**

That's a separate issue. As opposed to the number issue, which is 37 versus 39. Long Island has 17.6% of all the school children, gets 13% off all the state aid. You can say that's good, because of our higher incomes, that's bad ••

**LEG. MONTANO:**

But we supplement that through the property taxes.

**MR. PALLY:**

That's the problem. Long Island on average, on average, pays 70% of the cost of education locally by local property taxes. There are some districts, 80%, 85%, average 70%. New York City pays 46% of the cost of education

locally, okay, which means the rest of it comes from the State of New York. So we've said, "Fine, we will give you more money as soon as you go from 46% to 70%." Our feeling and the feeling of many people, it's not that the State of New York has short changed the New York City School System, it's that New York City has short changed the New York City School System to a point where they rely heavily, more than Long Island does, on that. The state•wide average, forget Long Island, the state•wide average is 60% locally. So even if they went to state average, that would cost •• that would force them to put more money in the education system. And then last •• and then the Mayor •• as I said, these are subjective issues.

**LEG. MONTANO:**

I'm learning from this. Go ahead.

**MR. PALLY:**

The Mayor two years ago requested, and the State Legislature and the Governor gave him permission to rebate \$3.4 billion to the taxpayers of New York City from their property taxes. We said, "Wait a minute, why don't you take the \$3.4 billion and put it in the school system, then you would get to the level that everybody else paying?" No. They give the money back. Okay. So not only do they want more money from the State of New York State, and remember the State of New York is us, not some figment of somebody's imagination in Albany. It's all of us taxpayers, including Long Island, which supplies •• 25% of every tax dollar in the State of New York comes from Nassau and Suffolk Counties, okay? So not only do they want the State of New York to give them more money, they don't want to give them •• they give less money from the City of New York.

It's a round about way of, you know, saying, well, you're not giving us

enough money, and we're not going to substitute our money for it. On Long Island, each individual voter at their school district at their school district elections decides, okay, the state is not giving us X, am I going to take it out of my local real property taxes? That's what happens every May. And Long Islanders rightly or wrongly have decided to tax themselves at a higher rate than any other place does mainly for our education system. Good, bad or indifferent, that's a decision every Long Islander makes.

**LEG. MONTANO:**

Let me ask you a question. I represent Brentwood and Central Islip, I have two school districts in my Legislative District, both are considered lower wealth districts, both are lower performing schools according to the state average. You indicated earlier that there's debate with respect to how we fund education, having emphasis on the property tax, talk about moving towards something in the line of an income tax. What •• you know, just give me comments on behalf LIA, because my school districts obviously have unique problems that are not endemic to the majority of school districts on Long Island. So just address that in terms of long term •• where are we going to equalize the level of education that all children receive on Long Island and the rest of the state?

**MR. PALLY:**

There are two issues. First of all, if the state aid formula had been allowed to run correctly, Brentwood and Central Islip would have received about \$40 million more in state aid, but because the state decides not to do that, they cut you off at a certain number, and you lose that additional state aid, that's one focal point. The other focal point •• there are two issues, number one, how we raise the money for education; and number two, how it is distributed. And those, as you know, as you correctly point out, are two completely separate issues.

Whether you go to an income tax or not affects certain people differently than other people. It will affect certain district differently than other people because of population, because of incomes level, because of a number of renters. A wide variety of factors that have to be taken into account. We've done a number of these analysis, we are working on a number more to try to provide that information to the discussion. I'm not saying it's right or wrong, it's a public policy issue, but at least provide the facts necessary to do that.

There's a separate issue; how do we distribute the money? Take, for example, a position which we have advocated for many years, allowing commercial real property taxes to be spent across school district lines, so that it is distributed not solely to the district in which such a thing happens to be located, but to a wide variety of districts in whatever formula we decide to come up with, okay? So that those of us who don't live in Northport or Port Jefferson, we're not only paying our real property taxes, we're paying their real property taxes, okay, because of the KeySpan plants, okay?

Those taxes are paid for by everybody else on Long Island, whether it's Hauppauge, whether it's Roosevelt Field, whether our concentrations of commercial property where that district benefits, because of artificial school district lines, which were in place far before commercial development ever occurred, those districts are benefited to the detriment of other districts where there has not been and cannot be commercial development of that level, okay?

So as I said, those are issues •• and the hope is, because we have gotten ourselves to this point now, and we all understand or at least I think most people understand that the system we have today is not sustainable for a variety of reasons, whether it's in Brentwood or Central Islip or it's in Three

Village or it's in Smithtown or it's in Babylon, it doesn't matter. Sooner or later, everybody gets to that point. And we are very close to that point, and in some places, we're over the point in that regard. And this gives us an opportunity to look at the entire system; CFE, commercial property redistribution, income versus real property tax, whatever the issues happen to be to allow us to hopefully provide a better mechanism not only so that we distribute who pays better, but we distribute how it is used better in those school districts where for a variety of reasons, whether it's immigration or lack of commercial development or lack of a power plant or whatever it happens to be, aren't handicapped at the expense of other districts.

So the hope is •• and that's the context of which, you know, this discussion has to take place. It can't just be, I'm going to replace one dollar with one dollar. Our response to that answer is, okay, what have we accomplished? If we can make the one dollar, we're replacing it in some better way and use it better, then we might have actually accomplish something. That's the hope.

**LEG. MONTANO:**

Thank you very much.

**MR. PALLY:**

We hope it's getting to that point.

**CHAIRMAN HORSLEY:**

Thanks, Mitch. That's great. Legislator Barraga, I'm going to see if we can wrap this up by 11:30. I know our next committee is waiting, and luckily we



have Ms. Fisher here who is on the next committee.

**LEG. BARRAGA:**

Good morning. In answer to Mr. Montano's question with reference to Brentwood School District, as was pointed out, the formulas were changed in 1993 and '94. We were coming out of recession at the state level at that time, and they put a cap on the operating aid. They never removed the cap over the years, so this school district, the Brentwood School District, in a period of ten or 11 has lost probably in excess of \$400 million in state aid. And the reason the cap was never really removed was that in 1997, the STAR Program was developed in the State of New York.

The Republicans got STAR and the Democrats got their own program, and their own program had to do with class size and Pre•K, X amount of dollars had to go into the program. The only money available was coming out of the operating aid to offset it. So they kept the caps in, and those caps have work in the negative against high tax, low wealth school district, poor district, especially here on Long Island and throughout the State of New York.

Now, as Mitch pointed out, as income rises and property values rise, it's something known as the combined wealth ratio, it's a 50% equation on property value and income in the distribution of state aid. So the wealthier you appear, the less money you receive. So what really has to happen here and has not happened in the major formulas is you have to instill what they call a regional cost. It costs a great deal more to run a school district here on Long Island than it does Upstate. And this state is two states; Upstate and downstate. New York City, Nassau, Suffolk and Westchester, downstate. Upstate, it's a different attitude completely. Upstaters aren't too enamored with downstaters. They're always using excuses. They cannot debate this issue on regional cost based on the merits. So what they'll do is they'll turn

around and say, look, you have Roslyn School District, 11 million, some other district they lost 25 million, you people don't know what to do with the money, you can't follow the money, why should we give you any more money.

The reality is if Plattsburg is getting a dollar, we should be getting \$1.65 on the merits, and it hasn't happened. The CFE case should have been settled a year and a half ago. That would have benefitted Nassau and Suffolk, because the solution had to do with regional cost. And I don't think anything is going to happen with reference to CFE this year. They're just going to continue on the same way. There are about 50 pages of different formulas, but when you really cut through it all, it's a pie. In the end you can bastardize the formulas any way you wish, but in the end New York gets 38%, Nassau and Suffolk get 12%, 50% Upstate. It's just the way it work.

You know, the problem you have here too on Long Island is not only an inequitable distribution, it's the tremendous number of school districts you have here, 124 school districts. That's a hard sell anywhere. And we put into the formula a number of years ago consolidation, reorganization monies for districts that would merge. Very few did. I mean, if Tom Barraga went out tomorrow and started talking about consolidation of school district, I am in my last term. The people just don't want it. But when you don't want something like that, it's extremely expensive to continue it.

As you pointed out, you've got something like 439 so-called total governments not including the taxing entities. Every hamlet on Long Island has their own library, their own school district, their own fire department. On the expense side, nobody wants to give up anything. So when you hear the term mandate or NIMBYism, everybody has, like, a negative feeling. Nobody wants mandates until they hear one. Until someone says, yeah, you want to put defibrillators in every school, well, how can we not do that, we've got to

do that, every building has to have one. Well, it's going to cost \$25 million. Well, what are you going to do, this has to be the exception. But there are always exceptions. But as a result on the expense side, there's the tremendous cost of living in Nassau and Suffolk County, because every one of these little entities think the world revolves around them and their budgets, like the rest of society can't do without them.

You talked a little bit about the sales tax. I'm concerned about that, because most counties including this one are heavily dependent upon the growth in sales tax. And we only on our County tax about 52, 53 million. I understand there's a reserve fund of 118 million. But if you have a slippage in sales tax of 2 or 3%, you are in deep trouble. See, I have kind of given up in terms of taking a look of what's in place, all these levels of government and all these expenses, and trying to reduce them, because once you put a program in place, boy, it has the constituency. It's like the old Medicaid thing, there are basic services that the Federal Government requires. In New York State, we're very progressive. We have 26 services of the 33 you could possibly get over and above the basic service. Well, you go around and try to remove one of those services, you're in for a hell of a time, because they have a constituency. People now benefit from that service, they depend upon it.

All I'm saying at the County Government and other levels of government is watch your future spending. Sometimes you come up with •• people come up with these ideas, and all of a sudden, it's going to cost another 100,000, 200,000, 500,000. And you are right, in my district •• I know what I'm saying. I'm a full•timer, I'm sitting in my office, people come in to see me, and you know, Pearl, most of it has to do with the wealthier areas. These people haven't got two nickles to rub together, yet they've got these interest •only mortgages, they have me calling their banks to try to get extensions, these are the wealthier areas. With young people, I know the difference between here and say up in a place like Clifton Park, they're going there, because you don't have all this amenities, you don't have all this government, you don't have a high sodium light every 50 feet. You have

good school districts at moderate costs, housing is moderate, and they're going there.

I'll never forget when I first moved up to Albany in 1983, I went to a place called Clifton Park, and I found that 50% of the people living in Clifton Park • because I liked it, it sort of reminded me of Suffolk County • were displaced Long Islanders even back then, because they could go up there and live a good life, a quality life, good schools at a reasonable cost. I'm kind of pessimistic with reference to controlling costs down here. I mean, if a guy gives me a budget and it spends the same amount of money as last year, I'm going to vote for that budget. When I take a look at what goes on down here in Nassau and Suffolk compared to the rest of the state, we're spending a tremendous amount of money, and yet the revenue is just not going to be there.

The 10,000 jobs, that's another concern of mine, and we've seen this with IBM and some major corporations. Any idea of what's behind the 10,000 jobs in terms of not just the salary? But I see a complete erosion of the private sector with reference to health benefits and pensions. I mean, you take IBM. I mean, they're taking a wholehearted look prospectively in terms of the pension system, basically saying to employees, you better have a 401, otherwise you're going to be in trouble. Any idea • when you say 24,000 jobs, is it mainly coming out of the service sector? What sector and what are the benefits associated?

**MS. KAMER:**

Most of the jobs we're getting are services jobs; manufacturing is about six to 7% of our employment base. It's more in Suffolk than in Nassau, but it's a very small proportion of the total. We've lost those jobs a long time ago, and so has America as a whole, they've gone overseas. We are in a global

economy, and you see it in Detroit in the auto business. We cannot have health care benefits amounting to 1000 a car when our overseas competitors have health care benefits of \$2 a car.

So what our major corporations are doing is eliminating their pension plans, substituting a watered down 401 K. And we're going to see more than that, because we understand that the structure of economy must change if we're to be competitive globally. We cannot offer the benefits we've offered in the past. And this is true of Long Island firms as well, which puts more of the onus on the average worker to save for his or her retirement, to fund their health benefits from a health savings account, and we haven't gotten it across that standards of living will have to fall, that we may be seeing the highest possible standard of living today, and that if they save for retirement and they fund their own health care, they're not going to spend today on all of the goodies that they've been accustomed to.

So economists know about that, but the general public has really not absorbed it. I think young people are beginning to see that. They get out off college with huge loans, with huge debt, and they are getting jobs that are not paying as much as the jobs their parents got. They're getting these lower paying health care jobs, jobs in publishing, etcetera. And they can't even cover their college loans. They're beginning to get idea that, oh, maybe things are on a downward slide, but they're parents, especially the baby boomers won't really get it until they start to retire in large numbers and then look at their bank account and look at their cost of living and say, wait a minute, something is wrong here, somebody short changed me. Well, they've short changed themselves.

**LEG. BARRAGA:**

Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much. We're having a time management problem here, but I will defer to Legislator Fisher, and that will be the last question.

I know there are other Legislators that have other questions, if you guys would stick around, maybe some personal conversations ••

**MR. PALLY:**

We will be more than happy.

**LEG. VILORIA•FISHER:**

I'm going to make it very quick. This is such an exciting dialog. I congratulate you for putting it together, Legislator Horsley. I'm not a member of this committee, but there are two things that are just burning for me, because, Mitch, you and I have talked so much about school consolidation. And, Legislator Barraga, you and I can go out and say it together, and I think if there are enough of us saying it together that we have to look at school consolidation in Suffolk County •• I attended a league of ••

**LEG. BARRAGA:**

Vivian, all I can say is that I will miss you.

**LEG. VILORIA • FISHER:**

But I think there's a way we have to go about it, Tom.

**CHAIRMAN HORSLEY:**

You can work this out between yourselves.

**LEG. VILORIA • FISHER:**

Here's the question. I think we have to begin with what Mitch just mentioned, which is the commercial and power plant tax bases and some way of making that •• spreading that throughout Suffolk County, because a lot of what's keeping consolidation from working is the greed of one district who's holding •• who's commercial property rich that doesn't want to share that pot with a neighboring district. If get to the •• but that would have to be done, I guess, on the state level, wouldn't it?

**MR. PALLY:**

There's no question, there are winners and losers, and that's unfortunate, because the hope would be that there would be winners completely, but the question is, you know, looking at it from the perspective of what's good for a specific district or the specific people in that district opposed to what's good for the entire County or the entire region as a whole. That's the discussion you have to have.

**LEG. VILORIA • FISHER:**

I'm going to cut you off so that we don't go into a long answer, because I



know what you are saying. But what's the nuts of bolts of beginning to do that, would it be on the state level?

**MR. PALLY:**

State legislation.

**LEG. VILORIA • FISHER:**

It would be state legislation.

**MR. PALLY:**

State legislation at the moment requires all commercial property to paid directly to the school district in which it's located, so it would require state law change.

**LEG. VILORIA • FISHER:**

State legislation, okay. That bring me to my initial question, which is to Pearl. I recently saw a snapshot of the national labor force where the growth is in the lower paying jobs. And the disparity between the lowest paid and the highest paid becomes a wider and wider \\_casim\\_ between those two levels. And we also saw the Federal Government not granting the monies to be •• to BNL that in the past BNL has enjoyed. And we were very lucky that Jim \\_Simon\\_ stepped up to the plate and helped BNL out in that regard.



So again, when we're looking at the centralization of school district, when we're looking at the disparity between the lowest pay and the highest pay and the sector that has the greatest growth, we're seeing that on a national level, when we're looking at the lack of national commitment to high level support of programs, are our hands tied?

**MS. KAMER:**

No. We can do things. BNL needs 30 million from the Federal Government to go ahead with NSLS II, and you are going to need that facility in order to jump start the nanotechnology industry.

**LEG. VILORIA • FISHER:**

But you said Federal Government.

**MS. KAMER:**

Federal Government. And the state has committed to building a facility there to allow the better use of NSLS II. The Federal Government is cutting support from medical research, for all research, for scientific research because it has huge deficits, which it has incurred largely because of wars abroad, also because of domestic hurricanes.

**LEG. VILORIA • FISHER:**

And tax cuts to the rich.

**MS. KAMER:**

Also because of massive tax cuts. The truth is 80% of the US population has seen their real purchasing power decline in the past several years. And the inequality between rich and poor has increased. The statistics are very clear on that.

**LEG. VILORIA • FISHER:**

But your answer was, yes, there are things we can do at the County level.

**MS. KAMER:**

Continually lobby your representatives in Washington.

**LEG. VILORIA • FISHER:**

Sense Resolutions.

**MS. KAMER:**

It's a big deficit. And Washington for the next two or three years is trying to •• going to be trying to cut it on the backs of technology, on the backs of average worker. We're going to see federal benefits decline. And it's unfortunate. The problem we have with this deficit is that we don't finance it ourselves. We finance it from foreign central banks; Japan, China, India. China can pull the string on us any time they want. They can say, wait a

minute, we're going to keep our currency at home. And China is developing its own capital markets. It's going to be able to do that. Or we're going to invest in Euro denominated assets. They are already doing that.

Now, if they stop buying our treasuries, we are going to have to raise interest rates to astronomical levels to lure that money back here, and that's going to throw our economy into a very deep recession. So we're on the edge of a precipice. And in order to pay for our obligations •• the problem in this country, we've been living beyond our means as individuals, as households, and as a government. And how do you expect individuals to mind their Ps and Qs and live within their budget if you see the government spending like crazy?

So we have really gotten into a situation between the hard place and the rock. And institutions like BNL are going to suffer, and job creation on Long Island is going to suffer. That doesn't mean we sit back and do nothing. But we lobby Albany, we lobby Washington, we make our case as best we can. That doesn't mean it's going to be easy, it's going to get even harder than it is today.

**CHAIRMAN HORSLEY:**

And on that happy note.

**MS. KAMER:**

I always bring happiness.

**CHAIRMAN HORSLEY:**

But truthful, so we appreciate it. Mitch, Pearl, thank you very much.

**MR. PALLY:**

Our pleasure.

**CHAIRMAN HORSLEY:**

We can sit here all day long and talk to you guys, but thank you very much.

**(\* THE MEETING WAS ADJOURNED AT 11:35 A.M.\*)**

\\_ \\_ **DENOTES BEING SPELLED PHONETICALLY**